EXHIBIT C

Excerpts from Rimini's Form 10-Q for quarterly period ended March 31, 2020

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2020

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from ____________ to ____________

Commission File Number: 001-37397

Rimini Street, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-4880301**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3993 Howard Hughes Parkway, Suite 500, Las Vegas, NV	**89169**
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code:	**(702) 839-9671**

Not Applicable
(Former name, former address and formal fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, par value $0.0001 per share	**RMNI**	**The Nasdaq Global Market**
Public Units, each consisting of one share of Common Stock, $0.0001 par value, and one-half of one Warrant	**RMNIU**	**OTC Pink Current Information Marketplace**
Warrants, exercisable for one share of Common Stock, $0.0001 par value	**RMNIW**	**OTC Pink Current Information Marketplace**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐

Smaller reporting company ☑ Emerging growth company ☑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

The registrant had approximately 68,186,000 shares of its $0.0001 par value common stock outstanding as of May 5, 2020.

RIMINI STREET, INC.
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income
(In thousands, except per share amounts)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenue	$ 78,032	$ 65,873
Cost of revenue	30,199	23,837
Gross profit	47,833	42,036
Operating expenses:		
Sales and marketing	28,412	23,955
General and administrative	12,001	12,988
Litigation costs and related recoveries:		
Professional fees and other costs of litigation	2,752	2,041
Litigation appeal refunds	—	(12,775)
Insurance costs and recoveries, net	921	4,639
Litigation costs and related recoveries, net	3,673	(6,095)
Total operating expenses	44,086	30,848
Operating income	3,747	11,188
Non-operating income and (expenses):		
Interest expense	(13)	(232)
Other income (expenses), net	(218)	43
Income before income taxes	3,516	10,999
Income tax expense	(971)	(705)
Net income	2,545	10,294
Other comprehensive income:		
Foreign currency translation gain (loss)	(813)	1
Comprehensive income	$ 1,732	$ 10,295
Net income (loss) attributable to common stockholders	$ (4,085)	$ 3,488
Net income (loss) per share attributable to common stockholders:		
Basic	$ (0.06)	$ 0.05
Diluted	$ (0.06)	$ 0.05
Weighted average number of shares of Common Stock outstanding:		
Basic	67,863	64,622
Diluted	67,863	69,101

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

In August 2019, we announced plans to globally offer AMS for SAP enterprise software, expanding the scope of support services we will offer clients globally. This AMS service is in addition to our traditional enterprise Support Services. We are already providing this new SAP AMS service to clients in North and South America. The service includes system administration and SAP Basis support, system health monitoring with proactive analysis, preventative system recommendations and event detection; and enhancement support for complex SAP software landscapes.

In 2018, we announced plans to support Software as a Service ("SaaS") solutions beginning with Salesforce products. As a partner of Salesforce, we provide our award-winning service and support for custom code, release updates and application integrations in addition to ongoing administrative, configuration and enhancement of Salesforce’s industry leading cloud solutions.

We founded our company to disrupt and redefine the enterprise software support market by developing and delivering innovative new products and services that fill a then unmet need in the market. We believe we have achieved our leadership position in independent enterprise software support by recruiting and hiring experienced, skilled and proven staff; delivering outcomes-based, value-driven and award-winning enterprise software support products and services; seeking to provide an exceptional client-service, satisfaction and success experience; and continuously innovating our unique products and services by leveraging our proprietary knowledge, tools, technology and processes.

Enterprise software support products and services is one of the largest categories of overall global information technology (“IT”) spending. We believe core enterprise resource planning (“ERP”), client relationship management (“CRM”), product lifecycle management (“PLM”) and technology software platforms have become increasingly important in the operation of mission-critical business processes over the last 30 years, and also that the costs associated with failure, downtime, security exposure and maintaining the tax, legal and regulatory compliance of these core software systems have also increased. As a result, we believe that licensees often view software support as a mandatory cost of doing business, resulting in recurring and highly profitable revenue streams for enterprise software vendors. For example, for fiscal year 2019, SAP reported that support revenue represented approximately 42% of its total revenue. For fiscal year 2019, Oracle reported a margin of 86% for cloud services and license support.

We believe that software vendor support is an increasingly costly model that has not evolved to offer licensees the responsiveness, quality, breadth of capabilities or value needed to meet the needs of licensees. Organizations are under increasing pressure to reduce their IT costs while also delivering improved business performance through the adoption and integration of emerging technologies, such as mobile, virtualization, internet of things (“IoT”) and cloud computing. Today, however, the majority of IT budget is spent operating, maintaining and supporting existing infrastructure and systems. As a result, we believe organizations are increasingly seeking ways to redirect budgets from maintenance to new technology investments that provide greater strategic value, and our software management and support products and services help clients achieve these objectives by reducing the total cost of support.

As of March 31, 2020, we employed over 1,300 professionals and supported over 2,070 active clients globally, including 77 Fortune 500 companies and 21 Fortune Global 100 companies across a broad range of industries. We define an active client as a distinct entity, such as a company, an educational or government institution, or a business unit of a company that purchases our services to support a specific product. For example, we count as two separate active client instances in circumstances where we provide support for two different products to the same entity.

Our subscription-based revenue provides a strong foundation for, and visibility into, future period results. For the three months ended March 31, 2020 and 2019, we generated revenue of $78.0 million and $65.9 million, respectively, representing an increase of 18%. We have a history of losses, and as of March 31, 2020, we had an accumulated deficit of $312.1 million. Approximately 61% and 65% of our revenue was generated in the United States for the three months ended March 31, 2020 and 2019, respectively. Approximately 39% and 35% of our revenue was generated in foreign jurisdictions for the three months ended March 30, 2020 and 2019, respectively.

Since our inception, we have financed our operations through cash collected from clients and net proceeds from equity financings and borrowings. As of March 31, 2020, we have no outstanding contractual debt obligations.

Impact of COVID-19

During the first quarter of 2020, we continued investing for long-term growth. However, as we neared the end of the first quarter of 2020, the emergence of the COVID-19 pandemic took hold and is having widespread, rapidly evolving and unpredictable impacts on global society, economies, financial markets and business practices. Federal and state governments have implemented multiple measures aiming to contain the virus, including social distancing, travel restrictions, border

closures, limitations on public gatherings and closures of non-essential businesses. As a result, to protect the health and well-being of our employees, clients and the communities in which we operate, we transitioned as many of our employees as possible to a work-at-home model, temporarily closed our offices worldwide, placed restrictions on non-essential business travel, transitioned to a no in-person event marketing strategy and implemented a fully remote sales model. We have implemented business continuity measures and will continue to respond to the COVID-19 pandemic as circumstances dictate.

As a result of the measures that we have taken in response to the COVID-19 pandemic described above, we are expecting reduced costs of travel, reductions in costs resulting from cancelling certain in-person marketing events, reductions in office operating costs and potential rent abatement related to office closures around the world (that began mid-March 2020 and are expected to continue through May 2020). We expect to offset some of these reduced costs with accelerated investments including implementing virtual sales and other marketing programs, special compensation bonuses for lower-paid employees and special compensation bonuses for employees who have tested positive for COVID-19. For example, in March 2020, we paid COVID-19 special bonuses to certain of our employees to help with pandemic-related special costs and for the few of our employees who have tested positive for COVID-19. We authorized a second round of COVID-19 special bonuses in April 2020 that will be paid during the second quarter of 2020. The cost of these special bonuses are more than offset by the reduced costs relating to travel and in-person marketing event fees and expenses described above.

COVID-19 had minimal net impact on our revenue or results of operations during the first quarter of 2020, and we continued to deliver uninterrupted and critical support services to our clients during this period. Our ability to utilize our secure remote-connectivity global infrastructure promotes the safety of our employees while abiding by the restrictions currently in place throughout the world. While COVID-19 has impacted the business markets worldwide, subject to the uncertainty relating to the effects of the COVID-19 pandemic, we expect to continue to be able to market, sell and provide our current and future products and services to clients globally. We also expect to continue investing in the development and improvement of new and existing products and services to address client needs.

The extent to which the COVID-19 pandemic impacts our business going forward will depend on numerous evolving factors we cannot reliably predict, including the duration and scope of the pandemic; governmental and business actions in response to the pandemic; and the impact on economic activity, including the possibility of recession or financial market instability. These factors may adversely impact consumer, business, and government spending on technology as well as our clients' ability to pay for our services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including receivables and forward-looking guidance. As such, the effects of COVID-19 may not be fully reflected in our financial results until future periods. Refer to Risk Factors (Part II, Item 1A of this Form 10-Q) for a discussion of these factors and other risks.

Recent Developments

Reference is made to Note 5 to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Report for a discussion of recent developments related to the securities purchase agreements entered into on June 20, 2019, March 7, 2019 and July 19, 2018, and the related private placements of Series A Preferred Stock, Common Stock and Convertible Notes.

Additionally, reference is made to Note 8 to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Report for a discussion of developments in our litigation with Oracle.

Key Business Metrics

Number of clients

Since we founded our company, we have made the expansion of our client base a priority. We believe that our ability to expand our client base is an indicator of the growth of our business, the success of our sales and marketing activities, and the value that our services bring to our clients. We define an active client as a distinct entity, such as a company, an educational or government institution, or a business unit of a company that purchases our services to support a specific product. For example, we count as two separate active clients when support for two different products is being provided to the same entity. As of March 31, 2020 and 2019, we had over 2,070 and 1,850 active clients, respectively.

We define a unique client as a distinct entity, such as a company, an educational or government institution or a subsidiary, division or business unit of a company that purchases one or more of our products or services. We count as two

separate unique clients when two separate subsidiaries, divisions or business units of an entity purchase our products or services. As of March 31, 2020 and 2019, we had over 1,160 and 1,080 unique clients, respectively.

The increase in both our active and unique client counts have been almost exclusively from new unique clients and not from sales of new products and services to existing unique clients. However, as noted previously, we intend to focus future growth on both new and existing clients. We believe that the growth in our number of clients is an indication of the increased adoption of our enterprise software products and services.

Annualized subscription revenue

We recognize subscription revenue on a daily basis. We define annualized subscription revenue as the amount of subscription revenue recognized during a quarter and multiplied by four. This gives us an indication of the revenue that can be earned in the following 12-month period from our existing client base assuming no cancellations or price changes occur during that period. Subscription revenue excludes any non-recurring revenue, which has been insignificant to date.

Our annualized subscription revenue was $310 million and $263 million as of March 31, 2020 and 2019, respectively. We believe the sequential increase in annualized subscription revenue demonstrates a growing client base, which is an indicator of stability in future subscription revenue.

Revenue retention rate

A key part of our business model is the recurring nature of our revenue. As a result, it is important that we retain clients after the completion of the non-cancellable portion of the support period. We believe that our revenue retention rate provides insight into the quality of our products and services and the value that our products and services provide our clients.

We define revenue retention rate as the actual subscription revenue (dollar-based) recognized in a 12-month period from clients that existed on the day prior to the start of the 12-month period divided by our annualized subscription revenue as of the day prior to the start of the 12-month period. Our revenue retention rate was 92% for both the 12 months ended March 31, 2020 and 2019, respectively.

Gross profit percentage

We derive revenue through the provision of our enterprise software products and services. All the costs incurred in providing these products and services are recognized as part of the cost of revenue. The cost of revenue includes all direct product line expenses, as well as the expenses incurred by our shared services organization which supports all product lines.

We define gross profit as the difference between revenue and the costs incurred in providing the software products and services. Gross profit percentage is the ratio of gross profit divided by revenue. Our gross profit percentage was approximately 61.3% and 63.8% for the three months ended March 31, 2020 and 2019, respectively. We believe the gross profit percentage provides an indication of how efficiently and effectively we are operating our business and serving our clients.

Results of Operations

Comparison of Three Months Ended March 31, 2020 and 2019